

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 MC-02 PM-07 NSC-10 SS-15 RSC-01

L-03 PRS-01 CIAE-00 INR-10 NSAE-00 DODE-00 EB-11

COME-00 TRSE-00 RSR-01 /105 W

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R 071435Z AUG 73

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8322

INFO AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMCONSUL OPORTO

C O N F I D E N T I A L LISBON 2934

EO 11652: GDS

TAGS: PINS, ETRD, PO, MZ

SUBJ: MUNITIONS CONTROL: HELICOPTER SALES TO PORTUGAL

FOR USE IN MOZAMBIQUE

SUMMARY: BOEING REPRESENTATIVES DISCUSSED WITH EMBASSY CONSIDERATIONS SURROUNDING SALE OF CH-47C HELICOPTERS AS AERIAL CRANES FOR USE IN CONSTRUCTION OF POWER LINES FROM CABORA BASSA TO SOUTH AFRICA. AIRCRAFT WOULD BE "CIVILIANIZED" VERSION AND WOULD NOT BE INVOLVED IN MILITARY OPERATIONS. EMBASSY POINTED OUT POLITICAL CONSIDERATIONS WHICH MILITATE AGAINST SALE. BOEING REP PLANS DISCUSS MATTER WITH DEPARTMENT. END SUMMARY

1. MR. J. FELITON OF BOEING INTERNATIONAL'S OFFICE IN MILAN CALLED ON CHARGE AUGUST 6 ACCOMPANIED BY LTC. JORGE GOMEZ LOPEZ (PAF OFFICER WHO MOONLIGHTS WITH LOCAL BOEING REPRESENTATIVE, ALBERTO BRAVO E FILHOS). FELITON SOUGHT EMBASSY'S INFORMAL VIEWS ON SALE OF TWO CH-47C "CHINOOK" HELICOPTERS TO THE ZAMBEZE PLAN CABINET IN MOZAMBIQUE (GPZ). GPZ IS ENGAGED IN CONSTRUCTION OF CABORA BASSA DAM AND ANCILLARY POWER LINE ALONG RHODESIAN BORDER TO SOUTH AFRICA. HE EXPLAINED AERIAL CRANE HELICOPTERS
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NEEDED TO ERECT POWER LINE TOWERS IN AREAS WITHOUT ROADS.

2. FELITON EXPLAINED THAT THE CH-47C NOW EXISTS ONLY IN MILITARY VERSION, WHICH HE UNDERSTOOD TO BE SUBSTANTIAL OBSTACLE UNDER U.S. EMBARGO REGULATIONS. HE SAID BOEING WOULD UNDERTAKE TO "CIVILIANIZE" AIRCRAFT, BUT THAT IT WOULD BE UNECONOMIC TO MAKE MODIFICATIONS SUFFICIENT TO OBTAIN U.S. FAA CIVILIAN CERTIFICATION. FELITON STRESSED THAT HELICOPTERS WOULD BE USED ONLY IN CONNECTION WITH POWER LINE FROM DAM. HE UNDERSTOOD GOP WILLING TO CERTIFY THAT AIRCRAFT WOULD NOT BE USED FOR MILITARY PURPOSES. IN ADDITION TO INITIAL CONSTRUCTION, HELICOPTERS WOULD BE USED FOR REPAIRS TO TOWERS IN THE EVENT ACCIDENT OR ATTACK.

3. FELITON EXPLAINED THAT CH-47C HAS SEVERAL COMPETITORS, FOREMOST OF WHICH IS KAWASAKI KV107/II. (KAWASAKI HAS EXCLUSIVE RIGHTS TO MANUFACTURE AND SELL THE BOEING-VERTOL 107 MODEL II.) KV 107/II IS SLIGHTLY SHORT ON LIFT CAPACITY, HOWEVER, AND GIVEN SUBSTANTIAL WEIGHT OF TOWERS (22,000 LBS.) BOEING CONSIDERS CH-47C TO BE IN TOP POSITION ASSUMING USG DOES NOT INTERPOSE OBJECTIONS ON GROUNDS CH-47C IS MILITARY MODEL. FELITON SEEMED TO BELIEVE THAT KV 107/II, AS CERTIFIED CIVILIAN MODEL, WOULD HAVE DISTINCT EDGE OVER CH-47C IN OBTAINING U.S. EXPORT PERMIT. HE CONCLUDED SAYING THAT IF IN FACT FAA-CERTIFIED CIVILIAN MODEL WOULD BE DETERMINING FOR USG, BOEING WOULD NOT PURSUE ISSUE WITH APPLICATION FOR LICENSE.

4. CHARGE NOTED COMMERCIAL AND POLITICAL RAMIFICATIONS, STATING THAT ISSUE HAS POLITICAL SENSITIVITIES BEYOND NORMAL ARMS EMBARGO ISSUE. CABORA BASSA IS WIDELY CITED AS EXAMPLE OF PORTUGAL'S DETERMINATION TO REMAIN IN SOUTHERN AFRICA AND ITS LAKE HAS BEEN TOUTED BY GOP AS BARRIER TO FRELIMO. HE NOTED THAT US PROVISION OF HELICOPTERS WOULD LINK USG DIRECTLY TO SUPPLYING ELECTRICITY FROM CABORA BASSA TO SOUTH AFRICA. IN ADDITION, CHARGE SAID THAT STATUS UNDER EMBARGO OF HELICOPTERS BUILT TO MILITARY SPECIFICATIONS NOT ENTIRELY CLEAR AND WOULD FALL INTO GRAY AREA, REQUIRING CLOSE USG SCRUTINY OF TYPE OF AIRCRAFT, INTENDED USE AND LIKELY POLITICAL IMPACT. CONFIDENTIAL

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5. FELITON EMPHASIZED HE NOT ON "FISHING TRIP", AND BELIEVED GOOD CASE COULD BE MADE FOR SALE - PARTICULARLY IN VIEW OF LOOSENING UP OF US TRADE WITH COMMUNIST COUNTRIES IN LAST YEAR. HE PUT SPECIAL STRESS ON FACT THAT CH-47C WOULD BE "CIVILIANIZED" MODEL. (AT SAME TIME HE NOTED THAT IN THE CASE OF THIS AND OTHER HELICOPTERS--SUCH AS THE BELL OH 58 AND BELL 206 NOW OPERATED BY THE GPZ--

THE DIFFERENCES BETWEEN THE CIVILIAN AND MILITARY MODELS ARE SLIGHT.) FELITON SAID HE WOULD BE GOING TO WASHINGTON THIS WEEK, AND WOULD CALL AT DEPARTMENT FOR FULL DISCUSSION THIS ISSUE.

6. COMMENT: OUR INITIAL REACTION IS THAT FOR THE US TO SUPPLY AERIAL CRANES WHICH MAKE CABORA BASSA'S ELECTRICITY SALEABLE WOULD LINK USG IN UNDESIRABLE MANNER WITH BOTH SYMBOL OF CABORA BASSA AND ITS ASSOCIATION WITH SOUTH AFRICA. FACT THAT US-SUPPLIED HELICOPTERS WOULD BE UTILIZED IN REPAIR OPERATIONS FOLLOWING ANY FRELIMO ATTACKS ON ELECTRICAL LINES WOULD PLACE US IN PARTICULARLY SENSITIVE POSITION. ALTHOUGH GPZ HAS OTHER US HELICOPTERS (BELL OH 58 AND BELL 206) WHICH ARE ONLY SLIGHTLY DIFFERENT FROM THE STANDARD MILITARY VERSION, THESE AIRCRAFT ARE LIGHT, UTILITY HELICOPTERS FOR CIVILIAN PASSENGER TRANSPORT, AND WOULD NOT HAVE THE IMPACT OF TWIN-ENGINED TRANSPORTATION HELICOPTERS SO CLOSELY ASSOCIATED WITH HOSTILITIES IN SOUTHEAST ASIA.
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